Structures, Processes and Performance of Corporate and Business Ethics in Supply Chains

Göran Svensson *

Oslo School of Management, Norway

Email: goran.svensson@hh.se

and

Greg Wood

Deakin University, Australia

Email: greg.wood@deakin.edu.au

Structures, Processes and Performance of Corporate and Business Ethics in Supply Chains

ABSTRACT

The objective of this paper is to introduce and describe a conceptual framework of firms' corporate and business ethics in supply chains in terms of ethical structures, ethical processes and ethical performance. A framework is outlined and positioned incorporating an ethical frame of reference in the field of Supply Chain Management (SCM). A number of areas and sub-areas of firms' corporate and business ethics are framed in the context of supply chains. The introduced framework should be seen as a seed for further development and refinement in the field of SCM. It provides opportunities for further research of ethical concerns in supply chains.

Keywords: supply chain, business ethics, framework, SCM,

Ethical concerns are an important area in business practices and research endeavours of supply chains in the field of Supply Chain Management (SCM). In particular, ethical concerns become evident in situations of asymmetric relationships between firms in supply chains (e.g. in terms of power and dependence). There is a need to establish ethical structures, processes and performance measures in firms. In previous research restricted parts of supply chains have been addressed from an ethical perspective but not the whole process (Moberg 2003; Geraint 2003; Kidd 2003; Carter 2000; Cooper Frank & Kemp 1997; Stainer 1997). Nevertheless, there have been a few recent research endeavours dedicated to the ethical concerns in SCM and supply chains as a whole. For example, Svensson and Bååth (2008) introduce and describe a conceptual framework of SCM-ethics based upon supply chains in the automotive industry. Svensson (2009) focus on the transparency of SCM-ethics based upon case illustrations of supply chains in the fashion and telecom industries. The dilemma is that these ethical frameworks of supply chains in the field of SCM are still on a general level, where specific details are not provided on how to manage, monitor and evaluate ethical concerns in supply chains. This is where this paper strives to make a contribution.

There are multiple research topics that may be linked implicitly or explicitly to ethical concerns in supply chains, such as: corporate social responsibility (Dyllick & Hockerts 2002), sustainable supply network management (Young & Kielkiewicz-Young 2001), supply chain environmental management (Lippman 1999), green purchasing strategies (Min & Galle 1997), environmental purchasing (Zsidisin

& Siferd 2001), green marketing (Crane 2000), environmental marketing (Sheth & Parvatiyar 1995), environmental marketing management (Peattie 1995), environmental product differentiation (Reinhardt 1999), reverse logistics (Zikmund & Stanton 1971), sustainability labeling schemes (De Boer 2003), environmental management (Hoffman 2000), life-cycle assessment (Welford 1999) and ISO-14000-certifications (ISO 2007).

This paper addresses explicitly different areas of how to manage, monitor and evaluate ethical concerns in supply chains. Firms' ethical values and culture are fundamental. The bottom line is that there is a need for a conceptual framework in the field of SCM that describes firms' corporate and business ethics in supply chains in terms of ethical structures, ethical processes and ethical performance.

The importance of establishing a conceptual framework of ethical structures, ethical processes and ethical performance in supply chains is that it may contribute to enhance firms' corporate and business ethics in the field of SCM and throughout the supply chain as a whole. To our knowledge, this is an under-investigated and less appreciated area in the contemporary research of SCM, if not ovelooked or even ignored. From a managerial perspective, it may be a neglect that can cause serious damage in business practices to the corporate identity, profiling efforts and image in the marketplace and society. Furthermore, the firm's trustworthiness, and at worst corporate survival, may be at stake (e.g. Enron and Arthur Andersen). Therefore, the objective of this paper is to introduce and describe a conceptual framework of firms' corporate and business ethics in supply chains in terms of ethical structures, ethical processes and ethical performance. It is a basis for firms to implement proper ethical values and culture. Furthermore, it supports a firm's proper actions in an asymmetric relationship of power and dependence.

There are various areas of ethical concerns of firms in supply chains. For example, on an overall level there are both internal and external areas. Robin and Reidenbach (1990) develop a multidimensional scale for improving evaluations of business ethics, while Hunt, Wood and Chonko (1989) develop a

corporate ethics scale. On the one hand, 'business ethics' has an external emphasis considering the gap between firms' ethical actions and behaviour in ongoing business practices and the marketplace's or society's perceptions of the firms' ethical actions and behaviour in their business practices (Svensson & Wood 2004). 'Corporate ethics', on the other hand, has an internal emphasis considering the gap between the management's ethical actions and behaviour and the staff's perception of the management's ethical actions and behaviour in ongoing business practices (Svensson & Wood 2004). The conceptual framework described and illustrated in the next section comprises a combination of both the internal and external approaches of corporate and business ethics in the context of supply chains.

CONCEPTUAL FRAMEWORK

A conceptual framework of firms' corporate and business ethics in supply chains may be divided into four separate but at the same time interconnected principal areas (see also Figure 1): the supply chain, ethical structures, ethical processes, and ethical performance. The conceptual framework is continuous as it contains a series of consecutive firms in 'the supply chain' that are seen as mutually interdependent – that is, one depends upon the other, and vice versa. It goes beyond corporate judicial boundaries and refers to the ongoing attention to ethical concerns in supply chains. We suggest in our conceptual framework that incorporating corporate and business ethics in the supply chain should be supported by the area of 'structures' that underpin and nurture ethical business practices in and between firms of the supply chain. These structures lay the groundwork to develop, manage and monitor ethical business practices in the supply chain as a whole. Furthermore, it provides support for the area of 'processes' that demands firm members of the supply chain to perform sound current and future ethical business practices. The last area of 'performance' serves the purpose of evaluation and maintenance of ethical business practices in supply chains, and decides whether they are ethical or not. This area enables the monitoring and control of the ethical structures and processes of the conceptual framework.

The Supply Chain

It is not an easy task to determine what may be classified as ethical or unethical business practices in supply chains as a whole. An essential factor is that there are expectations and perceptions that vary between firms in the supply chain. These expectations and perceptions also vary in the marketplace and societies that surround the supply chain, and that influence the predominant belief or conviction of what may, or may not, be seen as ethical business practices.

There are several areas that contribute to this variable situation. For example, government legislation may frame and define the criteria of ethical business practices in supply chains. Developed western style democracies have laws that govern the expected and perceived actions and behaviours in business practices as they tend not to be self-regulatory (Carson 2003; Davies 2001; Piety 2004). Governments have enacted legislation to provide the arena for business practices that are acceptable within the society (Hoffman et al. 2003). In extension, the legislation indicates those business practices that may be categorised as ethical or unethical. Another area that influences the view of ethical business practices are lobby groups. Historically, they have been able to impact societies' and their citizenry's expectations and perceptions of firms' business practices (Grit 2004; Whawell 1998; Zylidopoulos 2002). Firms are also confronted with societal expectations and perceptions beyond purely economic issues, such as environmental and social change responsibilities (Handelman 2000).

Increased education among stakeholders in societies plays a role in influencing the expectations and perceptions of ethical business practices (Sørensen 2002). Furthermore, the media has always occupied an important position in modern and open societies (Collier 2000; Wheeler, Fabig & Boele 2002), therefore, socially responsible managers are the key to manage and monitor the performance of ethical business practices and to avoid dilemmas in the marketplace and societies (Sims & Brinkmann 2003). Socially responsible managers do the right thing because it is the right thing to do. It is the correct action to take and an action that society expects. Executives should act ethically not out of fear of being caught when doing wrong (Thomas, Schermerhorn & Dienha 2004: 64), rather,

they should embrace ethical actions and behaviour in business practices because of the freedom, self-confirmation, and success that it brings. Cragg (2000: 213) states that commerce without conscience is a formula for human exploitation, not human development. Professional associations may be important too in influencing the expectations and the perceptions of ethical business practices in the marketplace and society (Richardson 2001). In addition, firms should not bring pressure to bear on their staff to violate their professional obligations (Carson 2003).

Firms usually experience competition and are geared up to meet it. When this competition is having a deleterious effect on the firm then it can force individuals into situations that may lead them to compromise their ethical values and ideals in business practices (Cohan 2002; Fraedrich 1992; McKendall, DeMarr & Jones-Rikkers 2002; Sethi 2003). With the awakening of globalization has come a realization in first world economies that there are firms who appear to have diverse sets of actions and behavioural standards depending upon the country in which they find themselves at the time (McMurtry 2002; Sørensen 2002).

Ethical Structures

The area of 'ethical structures' is intended to support firms' ethical concerns in supply chains. There is a need for ethical structures that surround the modes in which firms strive to inculcate corporate and business ethics. Without them there are no supports in place to create ethical processes and evaluate ethical performance. This area serves as a support that the firm and its staff should be able to relate to at the strategic, tactical and operational levels of business practices in their supply chains. It is a point of reference to other stakeholders in the marketplace and society. The area of 'ethical structures' consists of the a number of sub-areas as follows: (i) a code of ethics – since the early 1980s, a number of studies in the area of corporate codes of ethics have been conducted (e.g., Cressey & Moore 1983; Berenbeim 2000); (ii) conduct of ethical audits – a number of authors have suggested the need to incorporate ethical audits into a firm's processes (e.g. Garcia-Marza 2005); (iii) the presence of an ethics ombudsman – it is an area that has a relationship with another sub-area of ethical structures,

namely whistle blowing. Firms need individuals who are designated in this position, in order that individuals within the firm who have genuine concerns can feel free to voice these concerns to an independent arbiter (Crotts, Dickson & Ford 2005; Murphy 1988); (iv) the development of an ethics committee – if ethical business practices are viewed as an important part of the firm's operations then an ethics committee may have been contemplated by businesses and an area in which they may have initiated action (McDonald & Zepp 1989; Rampersad 2003); (v) the availability of an ethics training committee – such a committee can provide a fruitful environment in which staff can engage in discussion and have education in ethics in situations that they might face whilst in the firm's employ (Axline 1990; Trevino & Brown 2004); and (vi) the support given to whistle blowers – in situations revealing unethical actions and behaviors, and in taking steps to expose them, the dilemma that many staff members face, is in knowing to whom one can take an issue so as to ensure it is dealt with appropriately and that the integrity of all persons involved is protected. Most importantly, for the person making the complaint, there needs to be a guarantee of freedom from reprisals (Gellerman 1989; Wood & Callaghan 2003).

Ethical Processes

There is a need to support the staff of the firm in different ways, otherwise they will not know the corporate standpoint on ethical business practices. In particular, staff may not know how to act and behave in situations requiring ethical considerations. They need assistance to determine what is ethical and unethical business practices. It is not a 'matter of course' or 'just knowing' what is ethical or unethical, but inevitably in any situation demanding an ethical response there will be ambiguity regarding what to do or what not to do on these occasions and in these circumstances. It is therefore crucial to create processes that regulate a firm's ethical business practices, but also there must be structures in place to support staff in their ethical actions and behaviors.

The area of 'ethical processes' consists of a number of sub-areas as follows: (i) ethical performance appraisal – the need for firms to implement an evaluation of the ethical performance of staff through

the staff appraisal system (Fraedrich 1992; Trevino & Brown 2004); (ii) staff training – a firm cannot just expect staff to be ethical to the level of the firm's expectations without having some involvement with training. A number of writers have proposed the use of training programs as a means of institutionalizing ethics within corporate business practices (Schwartz 2002; Wood 2002); (iii) aid in strategic planning – for example, Thomas et al. (2004) contend that leaders must think strategically about how they ensure that they engender an ethical culture within the firm; (iv) consequences for a breach of the corporate code of ethics – a number of writers contend that within a code one should outline enforcement provisions for those individuals who do not uphold the code (Seidman 2004; Trevino & Brown 2004); (v) the communication of the code to the firm's workers (Rushton 2002); (vi) the dissemination of information on the code to new staff – new staff are not to be forgotten (e.g. Joyner and Payne 2000); (vii) customers should be informed about the firm's code – in recent years, concepts such as 'relationship marketing' have become a part of the business vocabulary (Grönroos 2004; Gummesson 1994). Theorists have endeavored to try to bring attention to the inescapable truth that firms need repeat customers in order to thrive and prosper (Grönroos 1994; Gummesson 1994); (viii) suppliers should be informed about the firm's code (Crane, Matten & Moon 2004); (ix) keep other stakeholders informed (Heath & Norman 2004); and (x) firms should revise their code regularly. It is important that the corporate code is not a static structure, but a flexible one. The marketplace and society where firms run their business operations evolve and adaptations may be required across contexts and over time. In fact, research shows that codes tend to evolve (Singh 2006).

Ethical Performance

There are a few essential sub-areas of ethical performance in the conceptual framework of firms' corporate and business ethics in supply chains as follows: (i) whether the ethical structures and processes resolve ethical dilemmas in supply chains, and in extension the marketplace and society. If not, then what are, for example, the codes used for in firms? Are codes of ethics, then, the inward regulatory documents as suggested by Mathews (1987); Lefebvre and Singh (1992) or are firms just missing an opportunity to maximize their utilization? A relevant question becomes why does a firm

have a code or any other structures or processes if these do not assist in resolving ethical problems in the marketplace and society? If so, what is the reason that they do not work, or at worst, are not used; (ii) whether the ethical structures and processes in place assist the bottom line of the firm. Some stakeholders in a society may think that if a firm declares a profit then that in itself is the end of the story for profit was the goal and once that goal has been attained in a legal manner, as Friedman (1962) contends, then the firm should be allowed to proceed ahead relatively unchecked. The effects on the bottom line may be classified into three types (Wood, Svensson, Singh, Carasco & Callaghan 2004): altruistic, mercenary and regulatory; and (iii) regarding the effectiveness of the corporate code of ethics – international research has shown that codes may have a certain impact on firms' performance in the marketplace and society, though it is not easily quantified (Wood et al., 2004).

CONCLUDING THOUGHTS AND PROPOSALS FOR FUTURE RESEARCH

A few concluding thoughts may be drawn from the introduced and described conceptual framework of firms' corporate and business ethics in supply chains. The framework aspires to be dynamic as it has to be adapted to each firm's cultural context in the supply chain. The framework also argues that firms' corporate and business ethics in supply chains should be seen as continuous and iterative. There is no actual end of it, but a constant ethical attention and revision of firms' business practices in supply chains is needed. The areas and sub-areas of the framework underpin the dynamics of this complexity as they provide support on how to develop, manage and evaluate firms' ethical business practices in supply chains.

We contend that the introduced conceptual framework of firms' corporate and business ethics in supply chains makes a contribution to the creation and examination of ethical structures, ethical processes and ethical performance in the field of SCM. The proposed framework rests upon the challenge of combining the ethical concerns in business practices taking place between firms in a supply chain with the ethical concerns in the marketplace and across the societies involved.

The conceptual framework provides a seed to access the complexity of ethical concerns in supply chains by monitoring firms' business practices in a supply chain from an ethical perspective. The coverage of structures, processes and performance in the framework is required in order to provide a solid foundation and positioning in the field of SCM. As a matter of fact, there appears to be no such framework in SCM that has striven to address ethical business practices in supply chains as a whole whilst proposing concrete applications. We have made an attempt to fill this knowledge gap by proposing ethical structures, ethical processes and aspects of ethical performance. A proposal for future research would be to gather empirical support to apply and refine this conceptual framework.

Expectations and perceptions in the marketplace and across societies initiate or trigger the underpinnings of the framework by determining what concerns should be addressed to achieve ethical business practices in supply chains. The firms' values, norms and beliefs considered in strategic, tactical and operational business practices should match these expectations and perceptions. They will be the fundament of internal and external perceptions that will be connected to the firms' achieved ethical performances. In turn, these perceptions underpin the evaluations that societies will subsequently undertake. It is important to recognise that ethical business practices in supply chains are dependent upon the actions of staff and their behaviours and they therefore need supporting structures and processes.

Consequently, firms' corporate and business ethics in supply chains are dependent upon existing ethical structures, ethical processes and ethical performance measures. Firms are interdependent and implicitly responsible together for the ethical performance of the supply chain as perceived in the marketplace and across societies. The globalization of business practices has led to supply chains often extending across countries and different continents where the ethical values and principles tend to some extent to be different or variable. This situation is a major challenge to be managed in firms' aspirations to act and behave ethically in the marketplace and across societies.
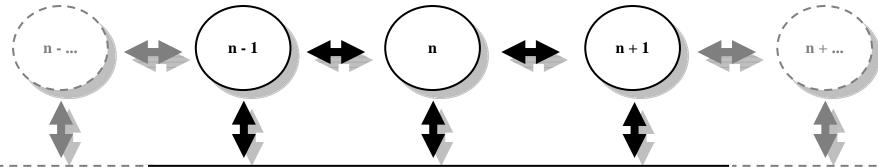
REFERENCES

Axline LL (1990) The Bottom Line On Ethics *Journal of Accountancy* 170: 87-91.

Berenbeim R (2000) Global Ethics *Executive Excellence* 17(5): 7.

De Boer J (2003) Sustainability Labelling Schemes: the Logic of Their Claims and Their Functions for Stakeholders *Business Strategy and the Environment* 12: 254-264.

Carson TL (2003) Self-Interest and Business Ethics: Some Lessons of the Recent Corporate Scandals *Journal of Business Ethics* 43: 389-394

Carter CR (2000) Ethical Issues in International Buyer-Supplier Relationships: A Dyadic Examination *Journal of Operations Management* 18(2): 191-209

Collier J (2000) Editorial: Globalization and ethical global business *Business Ethics: A European Review* 9(2): 71-75.

Cohan JA (2002) "I Didn't Know" and "I Was Only Doing My Job": Has Corporate Governance Careered Out of Control? A Case Study of Enron's Information Myopia *Journal of Business Ethics* 40: 275-299.

Cooper RW, Frank GL and Kemp RA (1997) Ethical Issues, Helps and Challenges: Perceptions of Members of the Chartered Institute of Purchasing and Supply *European Journal of Purchasing & Supply Management* 3(4): 189-198.

Cragg W (2000) Human Rights and Business Ethics: Fashioning a New Social Contract *Journal of Business Ethics* 27: 205-214.

Crane A (2000) Marketing and the Natural Environment: What Role for Morality? *Journal of Macro Marketing* 20(2): 144-154.

Crane A, Matten D and Moon J. (2004) Stakeholders as Citizens? Rethinking Rights, Participation, and Democracy *Journal of Business Ethics* 53: 107-122.

Cressey DR and Moore CA (1983) Managerial values and corporate codes of ethics *California Management Review* 25(4): 53-77.

Crotts, JC, Dickson DR and Ford RC (2005) Aligning organizational processes with mission: The case of service excellence *The Academy of Management Executive* 19(3): 54-68.

Davies H (2001) Ethics in regulation *Business Ethics: A European Review* 10(4): 280-287.

Dyllick T and Hockerts K (2002) Beyond the Business Case for Corporate Social Responsibility *Business Strategy and the Environment* 11: 130-141.

Fraedrich, JP (1992) Signs and Signals of Unethical Behavior *Business Forum* 17(2): 13-17.

Friedman M (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago.

Garcia-Marza D (2005) Trust and Dialogue: Theoretical Approaches to Ethics Auditing *Journal of Business Ethics* 57(3): 209-219.

Gellerman SW (1989) Managing Ethics from the Top Down *Sloan Management Review* 30(2): 73-79.

Geraint J (2003) Supply Chains Hardest Area to Score on Ethics *Supply Management* 8(7): 11-15.

Grit K (2004) Corporate Citizenship: How to Strengthen the Social Responsibility of Managers *Journal of Business Ethics* 53: 97-106.

Grönroos C (1994) From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing *Management Decision* 32(2): 4-20.

Grönroos C (2004) The relationship marketing process: communication, interaction, dialogue, value *Journal of Business & Industrial Marketing* 19(2): 99-113.

Gummesson E (1994) Making Relationship Marketing Operational *International Journal of Service Industry Management* 5(5): 5-20.

Handelman J (2000) How Marketers can 'Do Well While Doing Good': The Institutional Theory Framework in H.E. Spotts and H.L. Meadow (eds.) *Developments in Marketing Science Volume XX111* (Academy of Marketing Science Montreal), p.350.

Heath J and Norman W (2004) Stakeholder Theory, Corporate Governance and Public Management: What can the History of State-Run Enterprises teach us in the Post-Enron era? *Journal of Business Ethics* 53: 247-265.

Hoffman AJ (2000) *Competitive Environmental Management: A Guide to the Changing Business Landscape*, Island Press, Washington.

Hoffman KD, Czinkota m, Dickson P, Dunne P, Griffin A, Hutt M, Krishnan B, Lindgren J, Lusch R, Ronkainen I, Rosenbloom B, Seth J, Shimp T, Sigauw J, Simpson J, Speh T and Urbany J (2003) *Marketing Best Practice* 2nd edition (Thomson, Ohio).

Hunt SD, Wood Van R. and Chonko LB (1989) Corporate Ethical Values and Organizational Commitment in Marketing *Journal of Marketing* 53: 79-90.

ISO (2007) Website of International Organization for Standardization, www.iso.org.

Joyner BE and Payne D (2002) Evolution and Implementation: A Study of Values, Business Ethics and Corporate Social Responsibility *Journal of Business Ethics*, 41: 297-311.

Kidd J (2003) Learning and Trust in Supply Chain Management: Disintermediation, Ethics and Cultural Pressures in Brief Dynamic Alliances *International Journal of Logistics: Research & Applications* 6(4): 259-276.

LeFebvre M and Singh JB (1992) The content and focus of Canadian corporate codes of ethics *Journal of Business Ethics* 11(10): 799-808.

Lippman S (1999) Supply Chain Environmental Management: Elements for Success *Corporate Environmental Strategy* 6(2): 175-182.

Mathews MC (1987) Codes of Ethics: Organizational Behavior and Misbehavior". *Research in Corporate Social Performance and Policy* 9: 107-130.

McDonald GM and Zepp RA (1989) Business Ethics: Practical Proposals *Journal of Management Development*, Vol. 8(1): 55-66.

McKendall M, DeMarr B and Jones-Rikkers C (2002) Ethical compliance programs and corporate illegality: Testing the assumptions of the corporate sentencing guidelines *Journal of Business Ethics* 37: 367-383.

McMurtry J (2002) Why the Protestors Are Against Corporate Globalization *Journal of Business Ethics* 40: 201-205.

Min H and Galle WP (1997) Green Purchasing Strategies: Trends and Implications *Journal of Supply Chain Management* 33(3): 10-17.

Moberg CR (2003) Evaluating the Relationship between Questionable Business Practices and the Strength of Supply Chain Relationships *Journal of Business Logistics* 24(2): 1-19.

Murphy PE (1988) Implementing Business Ethics *Journal of Business Ethics* 7(12): 907-915.

Peattie K (1995) Environmental Marketing Management: Meeting the Green Challenge Pitman, London.

Piety MG (2004) The Long Term: Capitalism and Culture in the New Millennium *Journal of Business Ethics* 51: 103-118.

Rampersad HK (2003) Linking self-knowledge with business ethics and strategy development *Business Ethics: A European Review* 12(3): 246–257.

Reinhardt FL (1999) Bringing the Environment Down to the Earth *Harvard Business Review*, July-August: 149-157.

Richardson G (2001) A Tale of Two Theories: Monopolies And Craft Guilds In Medieval England And Modern Imagination *Journal of History of Economic Thought* 23(2): 232-238.

Robin DP and Reidenbach RE (1987) Social Responsibility, Ethics, and Marketing Strategy: Closing the Gap Between Concept and Application *Journal of Marketing* 51: 44-58.

Rushton K (2002) Business ethics: a sustainable approach *Business Ethics: A European Review* 11(2): 137-139.

Schwartz MS (2002) A Code of Ethics for Corporate Code of Ethics *Journal of Business Ethics* 41(1-2): 27-43.

Seidman D (2004) The essential union of law and ethics *Ethics Matters*, Bentley College, MA.

Sethi SP (2003) Globalization and the Good Corporation: A Need for Proactive Co-existence *Journal of Business Ethics* 43: 21-31.

Sheth JN and Parvatiyar (1995) Ecological Imperatives and the Role of Marketing in Polonsky, M. J. and Mintu-Wimsatt, T. (Ed.), *Environmental Marketing: Strategies, Practice, Theory and Research*, Haworth Press, New York.

Sims RR and Brinkmann J (2003) Enron Ethics (Or: Culture Matters More than Codes) *Journal of Business Ethics* 45: 243-256.

Singh J (2006) A Comparison of the Contents of the Codes of Ethics of Canada's Largest Corporations in 1992 and 2003 *Journal of Business Ethics* 64(1): 17-29.

Stainer A (1997) Logistics – A Productivity and Performance Perspective *Supply Chain Management* 2(2): 53-62.

Sørensen A (2002) Value, Business and Globalization – Sketching a Critical Conceptual Framework *Journal of Business Ethics* 39: 161-167.

Svensson G (2007) Aspects of Sustainable SCM (SSCM): Conceptual Framework and Empirical Example *Supply Chain Management: An International Journal* 12(4): 262-266.

Svensson G (2009) The Transparency of SCM-Ethics: Conceptual Framework and Empirical Illustrations *Supply Chain Management: An International Journal* 14(4): 259-269.

Svensson G and Bååth H (2008) Supply Chain Management Ethics: Conceptual Framework and Illustration *Supply Chain Management: An International Journal* 13(6): 398-405.

Svensson G and Wood G (2004) Corporate Ethics and Trust in Intra-Corporate Relationships *Employee Relations Journal* 26(3): 320-336.

Thomas T, Schermerhorn Jr JR and Dienhart JW (2004) Strategic leadership of ethical behavior in business *Academy of Management Executive* 18(2): 56–66.

Trevino LK and Brown ME (2004) Managing to be ethical: Debunking five business ethics myths *Academy of Management Executive* 18(2): 69-81.

Welford R (1999) Life Cycle Assessment in Welford, R. (Ed.), *Corporate Environmental Management 1: Systems and Strategies*, Earthscan Publication, London.

Whawell P (1998) The Ethics of Pressure Groups *Business Ethics: A European Review* 7(3): 178-181.

Wheeler D. Fabig H and R. Boele (2002) Paradoxes and Dilemmas for Stakeholder Responsive Firms in the Extractive Sector: Lessons from the Case of Shell and the Ongoni *Journal of Business Ethics* 39: 297-318.

Wood G (2002) A Partnership Model of Corporate Ethics *Journal of Business Ethics* 40: 61-73.

Wood G and Callaghan M (2003) Communicating the Ethos of Codes of Ethics in Corporate Australia: 1995-2001: Whose Rights, Whose Responsibilities? *Employee Responsibilities and Rights Journal* 15(4): 209-221.

Wood G, Svensson G, Singh J, Carasco E and Callaghan M (2004) Implementing the Ethos of Corporate Codes of Ethics: Australia, Canada and Sweden *Business Ethics: A European Review* 13(4): 389-403.

Young A and Kielkiewicz-Young A (2001) Sustainable Supply Network Management *Corporate Environmental Strategy* 8(3): 260-268.

Zikmund WG and Stanton WJ (1971) Recycling Solid Wastes: A Channels of Distribution Problem *Journal of Marketing* 35: 34-39.

Zsidisin GA and Siferd SP (2001) Environmental Purchasing: A Framework for Theory Development *European Journal of Purchasing & Supply Management* 7(1): 61-73.

Zylidopoulos SC (2002) The Social and Environmental Responsibilities of Multinationals: Evidence from the Brent Spar Case *Journal of Business Ethics* 36: 141-151.

Figure 1 – A Conceptual Framework of Firms' Corporate and Business Ethics in Supply Chains: Structures, Processes and Performance.

n - …   **n - 1**   **n**   **n + 1**   **n + …**

Firms' Corporate and Business Ethics in Supply Chains

Structures

(i) Codes of Ethics
(ii) Ethical Audits
(iii) Ethics Ombudsman
(iv) Ethics Committee
(v) Ethics Training Committee
(vi) Support to Whistle blowers

Processes

(i) Ethical Performance Appraisal
(ii) Staff Training
(iii) Aid in Strategic Planning
(iv) Consequences for a Breach
(v) Communication of the Code to Firm Workers
(vi) Dissemination of the Code to New Staff
(vii) Dissemination of the Code to Customers
(viii) Dissemination of the Code to Suppliers
(ix) Communication of the Code to Other Stakeholders
(x) Revision of the Code

Performance

(i) Resolving Ethical Dilemmas
(ii) Assist the Bottom Line
(iii) Effectiveness of the Code

15